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OFFICE OF THE CITY AUDITOR

CITY OF SAN JOSE

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FOR THE 21 MONTHS ENDED MARCH 31, 1991 C-1

INTRODUCTION

With City of San Jose and Redevelopment Agency operating and capital budgets of over \$1 billion a year, the members of the San Jose City Council need an effective means to monitor the use of tax dollars and City and Agency activities and programs. As an independent audit function, the Office of the City Auditor plays an integral role in the oversight process. Findings and recommendations developed through the audit process have helped save tax dollars, increase revenue, and improve the management of City and Redevelopment Agency programs. Additionally, our independent reviews have served as an important objective information source for the City Council, City management, the Redevelopment Agency, and the general public.

Authority And Responsibility

The San Jose City Charter prescribes the powers and duties of the Office of the City Auditor. Section 805 of the Charter grants to the City Council the authority to appoint the City Auditor. The Charter also outlines the City Auditor's primary duties as follows:

- Conduct or cause to be conducted annual post audits of all the City's fiscal transactions including the examination and analysis of fiscal procedures and the examination, checking, and verification of accounts and expenditures;
- Conduct performance audits, as assigned by the City Council, to determine whether (1) City resources are being used in an economical, effective, and efficient manner; (2) established

objectives are being met; and (3) desired results are being achieved;

- Conduct special audits and investigations as assigned by the City Council;
- Submit a monthly report to the City Council of the Office activities, findings, and recommendations to improve the administration of the City's fiscal affairs; and
- Perform other such auditing functions consistent with the City Charter and submit reports as required.

Section 805 also grants the City Auditor access and authority to examine all records of any City department, office, or agency, except those of an elected official.

Goals, Mission, And Objectives

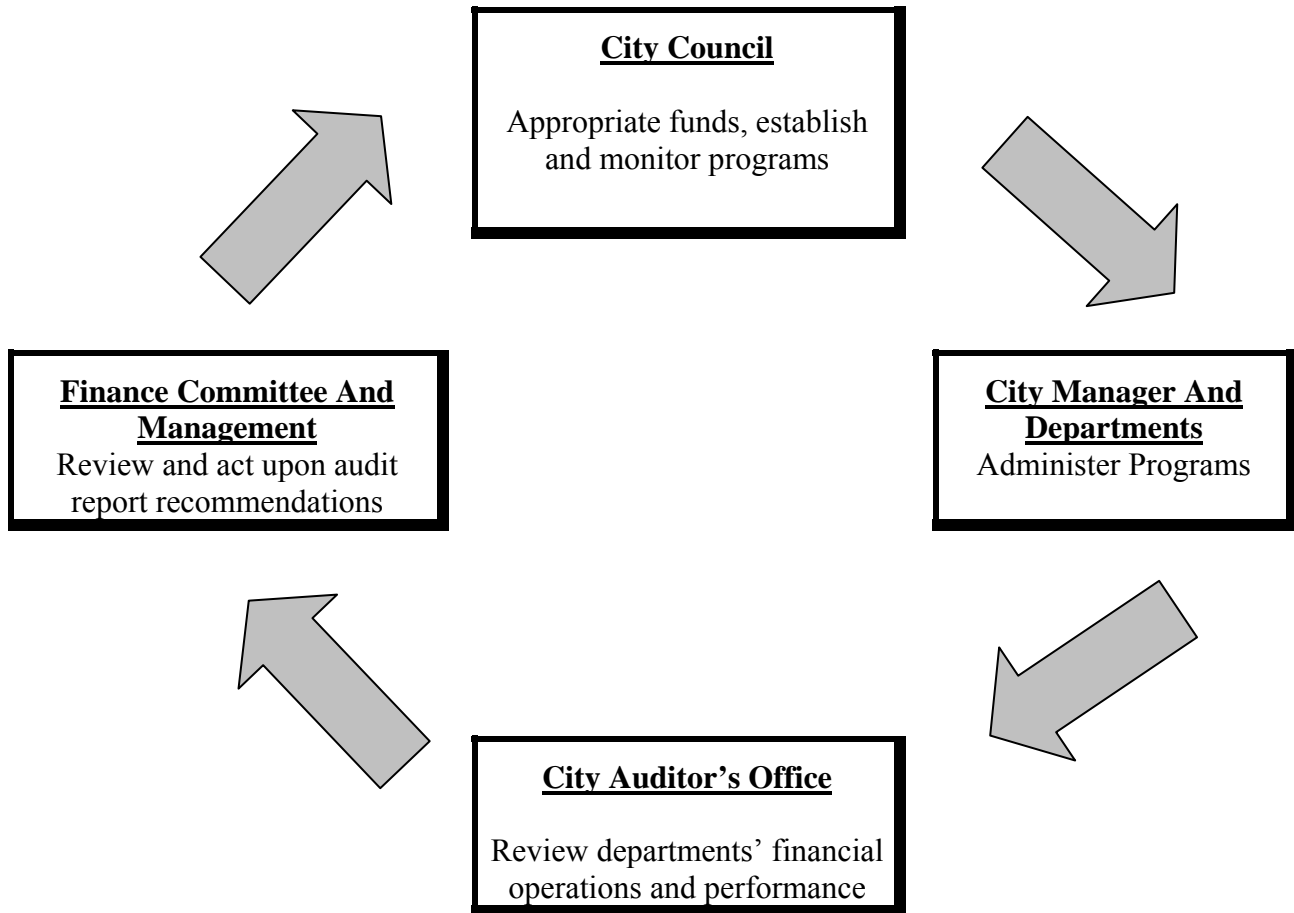
The goals of the Office of the City Auditor are to promote accountability to the public and to improve the economy, efficiency, and effectiveness of City government. Our mission is, at the direction of the City Council, to conduct or cause to be conducted financial and program performance reviews of City departments, offices, and agencies in accordance with applicable auditing standards. Our principal objective is to identify \$3 in savings or increased revenue for every \$1 of audit cost.

Role Of Auditing In City Government

The City Auditor's audits and reviews provide an insight into City departments, offices, agencies, and their programs. Such audits and reviews are but one step in the process of establishing City programs, evaluating

their performance, providing the City Council and City Administration with needed information, and making any necessary changes to ensure that City programs are as efficient and effective as possible. Chart I describes the role of auditing in City government.

CHART I
ROLE OF AUDITING IN CITY GOVERNMENT



AUDITING CITY DEPARTMENTS AND PROGRAMS

The Office of the City Auditor performs or coordinates audits and studies according to government auditing standards promulgated by the United States General Accounting Office (See Appendix A). The following describes the scope of work performed.

Financial Audits

Financial audits include financial statement and financial related audits. Financial statement audits determine (1) whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows or changes in financial position in accordance with generally accepted accounting principles and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

Financial related audits include determining (1) whether financial reports and related items, such as elements, accounts, or funds, are fairly presented; (2) whether financial information is presented in accordance with established or stated criteria; and (3) whether the entity has adhered to specific financial compliance requirements.

In accordance with the City Charter, an independent accounting firm conducts the financial statement and financial related audits of the City. The Office of the City Auditor coordinates the work of the independent

accounting firm. The annual audit determines whether the financial statements fairly present the City's financial condition according to generally accepted accounting principles. The annual financial audit also includes reviews to determine City compliance with laws and regulations, particularly for those programs receiving federal funding.

The nature and scope of the financial audits the Office of the City Auditor performs differ significantly from the outside audit of the City's financial statements. The primary emphasis of the financial audits the Office conducts is to assess whether the City's internal control systems ensure the following:

- Resources are used in accordance with laws, regulations, and policies;
- Reliable data are obtained, maintained, and properly disclosed in financial and management reports; and
- Resources are safeguarded against loss due to fraud, theft, errors, and mismanagement.

These audits provide City management with the objective information required to ensure that internal control systems are working as intended.

Performance Audits

Performance audits include economy and efficiency audits and program audits. Economy and efficiency audits include determining (1) whether the entity is acquiring, protecting, and using its resources (such

as personnel, property, and space) economically and efficiently; (2) the causes of inefficiencies or uneconomical practices; and (3) whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program audits include determining (1) the extent to which the desired results or benefits established by the City Council are being achieved; (2) the effectiveness of organizations, programs, activities, or functions; and (3) whether the entity has complied with laws and regulations applicable to the program.

Performance audits evaluate if City programs are operating in an efficient and economical manner, accomplishing their intended objectives, and achieving desired levels of performance or results. Audits that focus on efficiency issues typically evaluate the reasonableness of program costs relative to the results of services produced. Auditors may determine if a program is using its resources (such as personnel, property, and space) in a manner that avoids duplicating effort and overstaffing, while maximizing benefits in relation to costs. Auditors may also determine if a program has established appropriate goals and objectives, review the adequacy of management's system for measuring success, assess the extent to which desired levels of results are achieved, and identify factors that inhibit satisfactory performance.

Audit reports usually make recommendations to management to correct inefficient practices and/or improve procedures to maximize resource

utilization and productivity. The reports may also make recommendations to change management systems, City policies, and ordinances.

Special Studies

The Office of the City Auditor is occasionally requested to do thorough and impartial data collection, analysis, and reporting. The Office produces special studies to address these information needs. Special studies and reports are subject to the same rigorous audit methodology regarding data collection and quality control reviews. Special studies are intended to provide timely and objective information to the City Council, City Administration, and the public.

Recommendations Follow-up

It is the administrative policy of the City of San Jose that audit reviews be conducted and resulting recommendations implemented or otherwise resolved to the satisfaction of the City Manager, the City Auditor, and the City Council. Accordingly, the Office of the City Auditor, in coordination with the Office of the City Manager, monitors the implementation of audit recommendations. The City Auditor prepares a quarterly follow-up report on the implementation status of all City Council approved audit recommendations.

BENEFITS TO THE CITY OF SAN JOSE

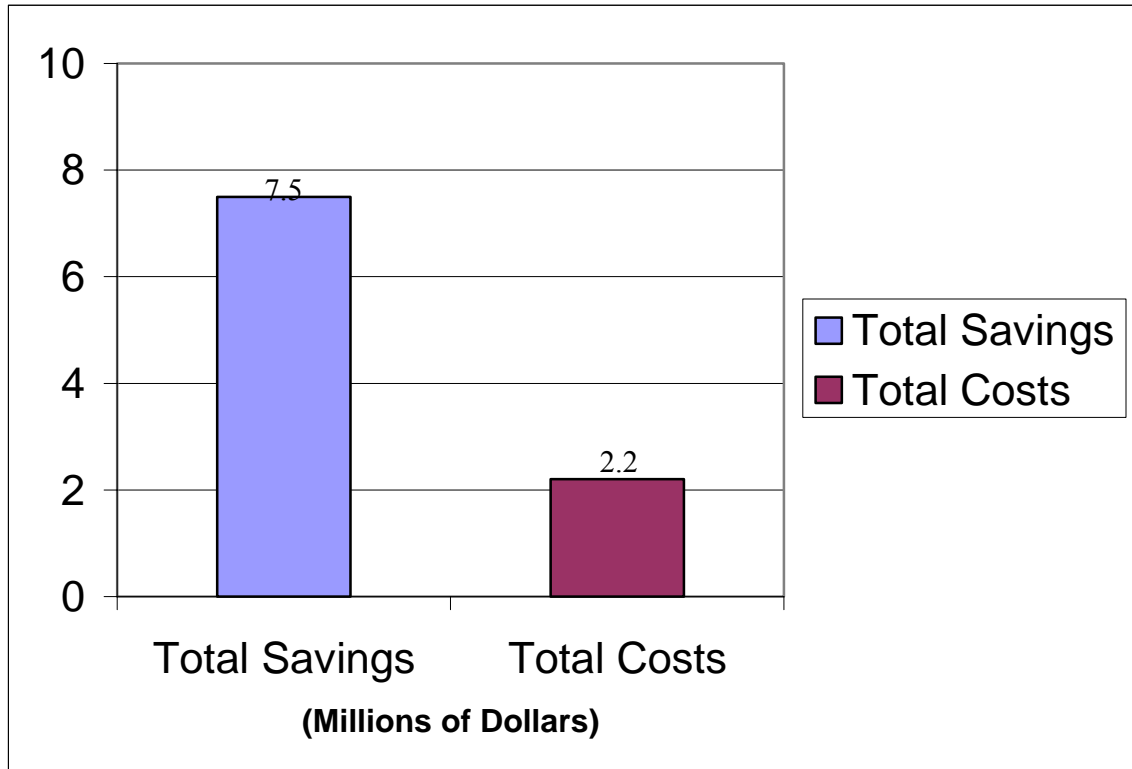
The City Auditor's expanded audit approach has benefited the City in a variety of ways. Some audits have resulted in recommendations to reduce costs or increase revenues. Other audits have resulted in recommendations to increase effectiveness, use resources more efficiently, and improve internal controls, or provided objective, timely information to the City Council, City Administration, and the public.

Cost Savings And Increased Revenues

A principal objective of the Office of the City Auditor is to identify \$3 in savings or increased revenue for every \$1 of audit cost. The Office achieved this objective during the May 1989 to June 1991 period covered in this report. For example, *An Audit Of The City's Traffic Citations Collection Process (April 1991)* revealed that more direct, personal, and coercive means of traffic citation enforcement could generate an additional \$4,620,000 for the City and reduce the number of unauthorized drivers on the streets. The audit also showed that the City should pursue collecting as much as \$1,070,000 in traffic fines that Santa Clara County collected from July 1983 to December 1990 but did not remit to the City.

As Chart II shows, from May 1989 through June 1991, the Office of the City Auditor identified \$3.40 in cost savings or revenue enhancements for every \$1 of audit cost.

CHART II
Savings vs Costs
May 1989 – June 1991



Improve Effectiveness And Efficiency

Audit recommendations have also addressed ways auditees can improve their operations by increasing effectiveness and efficiency. For example, *An Audit Of The San Jose Public Library's Collection Development And Materials Acquisition Activities (August 1990)* revealed that the Library can improve the efficiency of its ordering process by increasing the use of order lists, establishing minimum order quantities, delaying the submission of some purchase orders, using on-line order lists, and establishing an order consolidation objective in its Work Management System.

Strengthen Internal Controls

Audits have also identified ways to improve departmental and program internal controls, safeguard assets, and reduce the risk of potential liability to the City. For example, *An Audit Of The San Jose Cable Television Franchise Agreement (May 1990)* disclosed that the City had inadequate controls to ensure accurate computation of franchise fees due to the City. Specifically, the audit revealed that the franchisee (1) did not adequately document why more than \$357,000 in franchise fees were not paid to the City and (2) used unauthorized methodologies to calculate the City's franchise fees. The audit also showed that, absent additional franchisee justification, the City may have been underpaid an estimated \$175,000 in franchise fees.

Providing Objective Information

Audit reports and special studies have also provided reliable, objective, and timely information to decision-makers and the public. This information has assisted the City Council and City Administration in making needed policy and administrative changes and has informed the public about the management of San Jose City government. For example, *A Review Of San Jose Fire Department And Santa Clara County Paramedic Response To Calls For Emergency Medical Services (March 1991)* confirmed that, overall, the Fire Department met its EMS time responsiveness objectives. In addition, the review indicated that Fire Department personnel provided only limited direct medical treatment and that the City's new Communications Center dispatch procedures increased the chance of mis-communication or non-communication of EMS dispatch information to County paramedics. This review provided information that the City Council and City Administration used in setting EMS policies and service level objectives and choosing among alternative service delivery methods.

OFFICE OPERATIONS

The City Charter provides the City Auditor organizational independence from City Administration. The City Auditor is appointed by and reports to the City Council. Two of the Council's standing committees, Finance and Rules, interface directly with the City Auditor. The Finance Committee reviews and approves the City Auditor's annual audit workplan, subsequently reviews audit report findings and recommendations, and monitors the implementation of recommendations. The Rules Committee is responsible for approving City Councilmember or City Administration requests for audit services as they arise during the year.

Budget

Over the past six years, the budget of the Office of the City Auditor has averaged slightly more than \$1 million per year, with approximately 90 percent spent for salaries and benefits (See Table I). During the last six years, the Office of the City Auditor has averaged 18 authorized full-time positions, including both audit and administrative staffs. However, due to a City-wide hiring freeze and the difficulty of finding qualified people, the Office has operated at a reduced staffing level for the last two years.

TABLE I
OFFICE OF THE CITY AUDITOR
BUDGET AND STAFFING LEVEL
FROM 1985-86 TO 1990-91

<u>Fiscal Year</u>	<u>Authorized Positions</u>	<u>Salaries</u>	<u>Fringe Benefits</u>	<u>Non-Personal</u>	<u>Equipment</u>	<u>Total Budget</u>
1985-86	19	\$768,197	\$176,722	\$92,410	\$21,647	\$1,058,976
1986-87	19	768,944	179,909	94,700	32,266	1,075,819
1987-88	19	794,378	180,282	56,475	0	1,031,135
1988-89	18	795,624	183,607	49,475	0	1,028,706
1989-90	18	892,766	213,990	40,025	9,100	1,155,881
1990-91	18	905,940	216,502	50,265	17,500	1,190,207
AVERAGE	18	\$820,975	\$191,835	\$63,892	\$13,419	\$1,090,121

Audit Strategy

When the City Auditor assumed office in May 1985, he took immediate action to improve the efficiency and effectiveness of the Office's limited resources. He proposed to conduct the City Charter-required fiscal audits more efficiently and to secure additional staff to conduct expanded-scope performance audits.

Initially, the City Auditor reduced the time spent on the Charter-required fiscal audits by changing from a continuous to a periodic audit cycle and using statistical sampling. These audits include reviews of payroll, non-personal services expenses, cash and revenue accounts, and parking revenue.

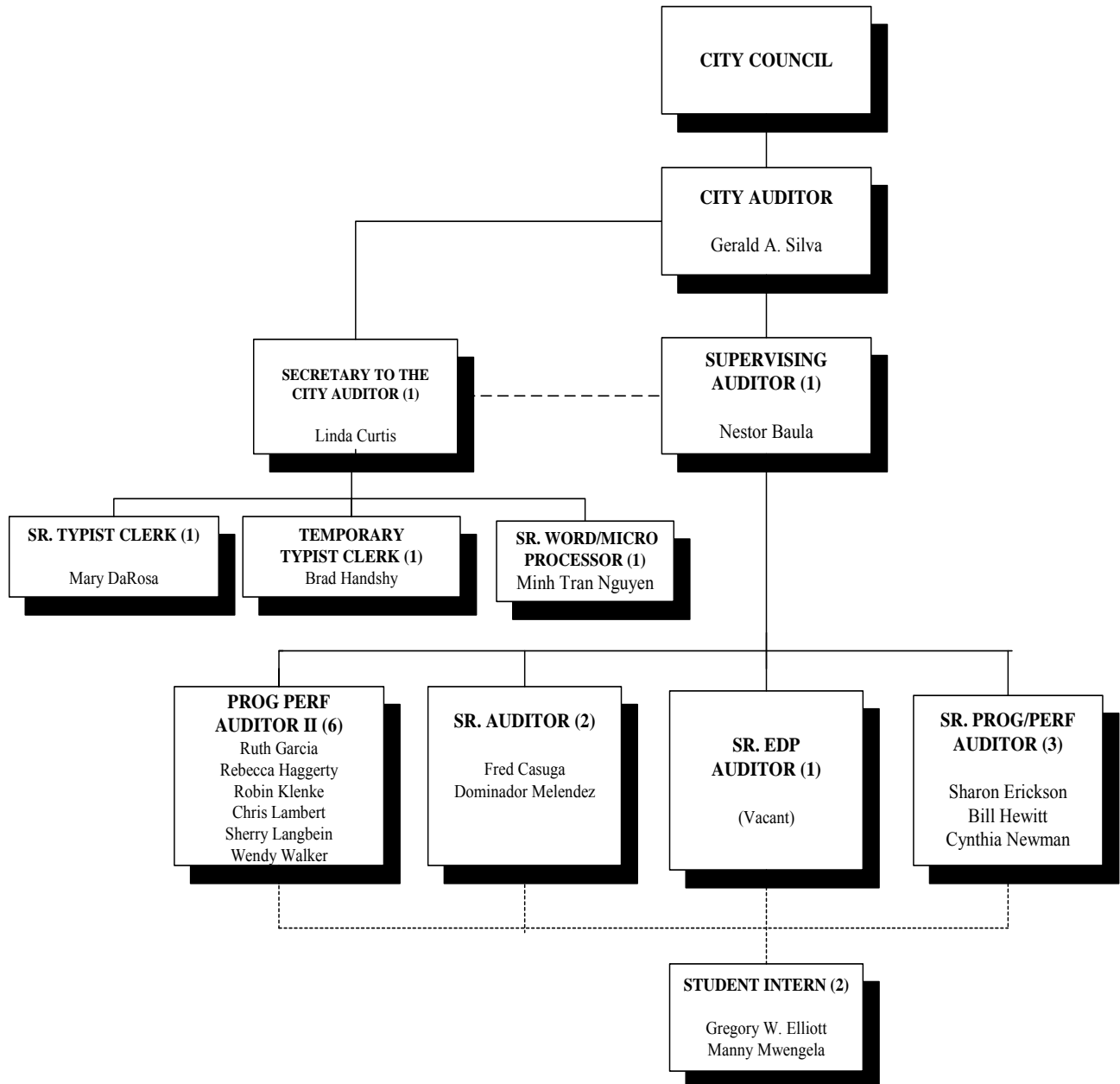
In 1987, the Office of the City Auditor changed its auditing strategy to reflect new AICPA pronouncements. The AICPA Auditing Standards Board proposed nine new Statements of Auditing Standards, including a new statement that addressed the auditor's responsibility to evaluate the auditee's internal control structure. This statement first requires the auditor to understand the auditee's overall control environment, including specific accounting and administrative controls. Next, the auditor must identify and test for potential threats (unwanted events) that could occur if adequate controls are absent or ineffectively implemented. In pursuing this audit strategy, the Office has implemented risk assessment procedures to identify the threats facing the program or activity under audit and to assess the controls or procedures the City has in place to prevent, eliminate, or minimize the threats.

Office Staffing

To implement the expanded scope of performance audits, the City Council authorized the City Auditor six additional staff after he was appointed in 1985. Currently, the Office of the City Auditor consists of the City Auditor, a Supervising Auditor, eleven auditors (three Senior Program Performance Auditors, two Senior Auditors, and six Program Performance Auditor IIs), four administrative staff (the Secretary of the City Auditor, one Senior Word/Micro Processor, one Senior Typist Clerk, and one part-time Typist Clerk II), and two student interns. Chart III shows an organizational chart for the Office of the City Auditor.

CHART III

OFFICE OF THE CITY AUDITOR ORGANIZATIONAL CHART



Staff Background And Experience

The members of the Office of the City Auditor have diverse educational backgrounds and work experience (See Table II). Staff educational backgrounds include accounting, business administration, economics, education, finance, and public administration. Further, several staff members have advanced academic degrees and/or professional certifications such as Certified Public Accountant, Certified Internal Auditor, and Certified Fraud Examiner. Staff members have had previous experience in public accounting, advertising, aerospace, banking, data processing, electronics, city and state government, health, industrial relations, management consulting, and retail. This wide range of training and experience brings a broad perspective to the variety of audit work the Office conducts.

Members of the staff have held memberships in the following professional organizations: American Institute of Certified Public Accountants, American Society for Public Administration, EDP Auditors Association, and Institute of Internal Auditors. The City Auditor is on the Board of Governors of the San Jose Chapter of the Institute of Internal Auditors, President-Elect of the National Association of Local Government Auditors, Immediate Past Chairperson of the Western Intergovernmental Audit Forum, local government representative to the prestigious National Intergovernmental Audit Forum Executive Committee, and a member of the American Institute of Certified Public Accountants' Members in Government Committee.

OFFICE OF THE CITY AUDITOR
STAFF EDUCATION AND BACKGROUND

<u>AUDITOR</u>	<u>TITLE</u>	<u>EDUCATION</u>	<u>PROFESSIONAL AFFILIATIONS</u>	<u>PRIOR WORK EXPERIENCE</u>
Gerald A. Silva, CPA	City Auditor	Bachelor of Science Accounting, 1967	Member of the Board of Governors, IIA, San Jose Chapter; President-Elect, National Association Of Local Governmental Auditors; Immediate Past Chairman, Western Intergovernmental Audit Forum; Local Government Representative, National Intergovernmental Audit Forum Executive Committee Member; AICPA Members In Government Committee; GFOA; NALGA; Who's Who In Government; California & Arizona State Boards of Accountancy	State Budget Director, State of Arizona Director of Program Auditing, State of Arizona Audit Manager, California Auditor General's Office
Hector S. Baula, CPA, CIA	Supervising Auditor	Bachelor of Arts Economics, 1971	Member, California Society of CPAs	Senior Auditor, Castle & Cooke, Inc.
William P. Hewitt, CIA, CISA, CFE	Senior Program Performance Auditor	Bachelor of Arts Accounting, 1975	Member, IIA, EDPAA, San Jose Chapter	Internal Audit Manager, Kelly-Moore Paint Co.
Cynthia L. Newman, CMA, CFE	Senior Program Performance Auditor	Bachelor of Science Business Administration & Finance, 1975	Member, IIA, San Jose Chapter, Member, ASPA, Santa Clara Valley Chapter, National Society Of Chartered Bank Auditors	Senior Trust Audit Officer, Pacific Western Bank
Sharon W. Erickson, CIA	Senior Program Performance Auditor	Bachelor of Arts Political Science	Member, IIA, San Jose Chapter, Member, ASPA, Santa Clara Valley Chapter	Controller, Smith, Erickson, McDonald, Inc.
Fred B. Casuga	Senior Auditor	Bachelor of Arts Accounting, 1963	Member, ASPA, Santa Clara Valley Chapter	Principal Accountant & Cost System Coordinator San Francisco Airport
Dominador Melendez	Senior Auditor	Bachelor of Arts Accounting, 1965	Member, ASPA, Santa Clara Valley Chapter	Senior Accountant City of San Jose

TABLE 11 (CONTINUED)
OFFICE OF THE CITY AUDITOR
STAFF EDUCATION AND BACKGROUND

AUDITOR	TITLE	EDUCATION	PROFESSIONAL AFFILIATIONS	PRIOR WORK EXPERIENCE
Wendy L. Walker	Program Performance Auditor II	Bachelor of Science Accounting, 1986		Supervising Senior Accountant KPMG Peat Marwick
Ruth Garcia	Program Performance Auditor II	Bachelor of Science Business Administration, 1978	Member, IIA, San Jose Chapter	Business Banking Officer, Bank of America
Rebecca J. Kaggerty, CPA	Program Performance Auditor II	Bachelor of Science Accounting, 1987	Member, IIA, San Jose Chapter	Senior Accountant, Deloitte & Touche
Robin A. Klenke, MBA	Program Performance Auditor II	M.B.A., 1986 Bachelor of Arts, Anthropology/ Linguistics, 1982	Member of the Board of Governors, IIA, San Jose Chapter	Manager/Chief Technician, El Camino Hospital
Christopher S. Lambert, CFE	Program Performance Auditor II	Bachelor of Science Accounting, 1983	Member, IIA, San Jose Chapter	Senior Field Auditor, Firestone Tire Rubber Co.
Sherry A. Langbein, MBA, CIA	Program Performance Auditor II	M.B.A., 1986 Bachelor of Arts Health Education, 1972	Member, IIA, San Jose Chapter	Internal Auditor, Watkins-Johnson
Linda Curtis	Secretary to the City Auditor	Vocational Teaching Credential 1979 Vocational Supervising Credential 1984 Management/Supervision Certificate 1988		Program Coordinator, Santa Cruz County Office of Education
Minh Tran Nguyen	Senior Word/Micro Processor Operator	Associate in Arts Office Administration & Word Processing 1985		Secretary, IBM Corporation

TABLE II (CONTINUED)
OFFICE OF THE CITY AUDITOR
STAFF EDUCATION AND BACKGROUND

<u>AUDITOR</u>	<u>TITLE</u>	<u>EDUCATION</u>	<u>PROFESSIONAL AFFILIATIONS</u>	<u>PRIOR WORK EXPERIENCE</u>
Mary Da Rosa	Senior Typist Clerk	Word Processing 1986 Clerical Support 1989		Title Officer, American Title Insurance Company
Manny Mwangela, MPA	Student Intern	M.P.A., 1990 Public Administration Bachelor of Arts Political Science 1978		Product Manager, XEBEC Corporation
Gregory W. Elliott	Student Intern	Associate in Arts 1987 Bachelor of Science Economics 1989 M.A. Economics Candidate		None

Office Of The City Auditor Performance Audit

The City Charter requires the Office of the City Auditor to undergo a peer review performance audit on a biennial basis. The Office has undergone three audits since the performance audit requirement was instituted.

In June 1987, the Office underwent its first such performance audit. A management representative from the California Auditor General's Office performed the review according to National State Auditors Association standards. This initial audit focused on the Office's formal written audit and office administration procedures and controls. The purpose of the audit was to determine if the procedures and controls provide reasonable assurance that City Auditor audits will meet the specified standards. Following the audit, the Auditor General issued two letters. One letter expressed an overall unqualified (clean) opinion on the City Auditor's system of quality control. The other letter identified opportunities to improve the Office's system of quality control, all of which have been implemented.

An independent auditor conducted the Office's second performance audit in 1989. The objective of this audit was to determine if, in fact, City Auditor audits were being conducted effectively, efficiently, and according to applicable auditing standards. As a result of the audit, the independent auditor issued a report in which he stated that the system of quality control for the Office met the quality control guidelines and objectives of the National State Auditors Association and that the system of quality control *"was being complied with during the two years under review to provide the*

Office with reasonable assurance that its work was conforming with professional standards.” In addition, the independent auditor made five recommendations (all of which were implemented) to improve audit programs and procedures, staff training, audit workpapers, and the scheduling of audit assignments.

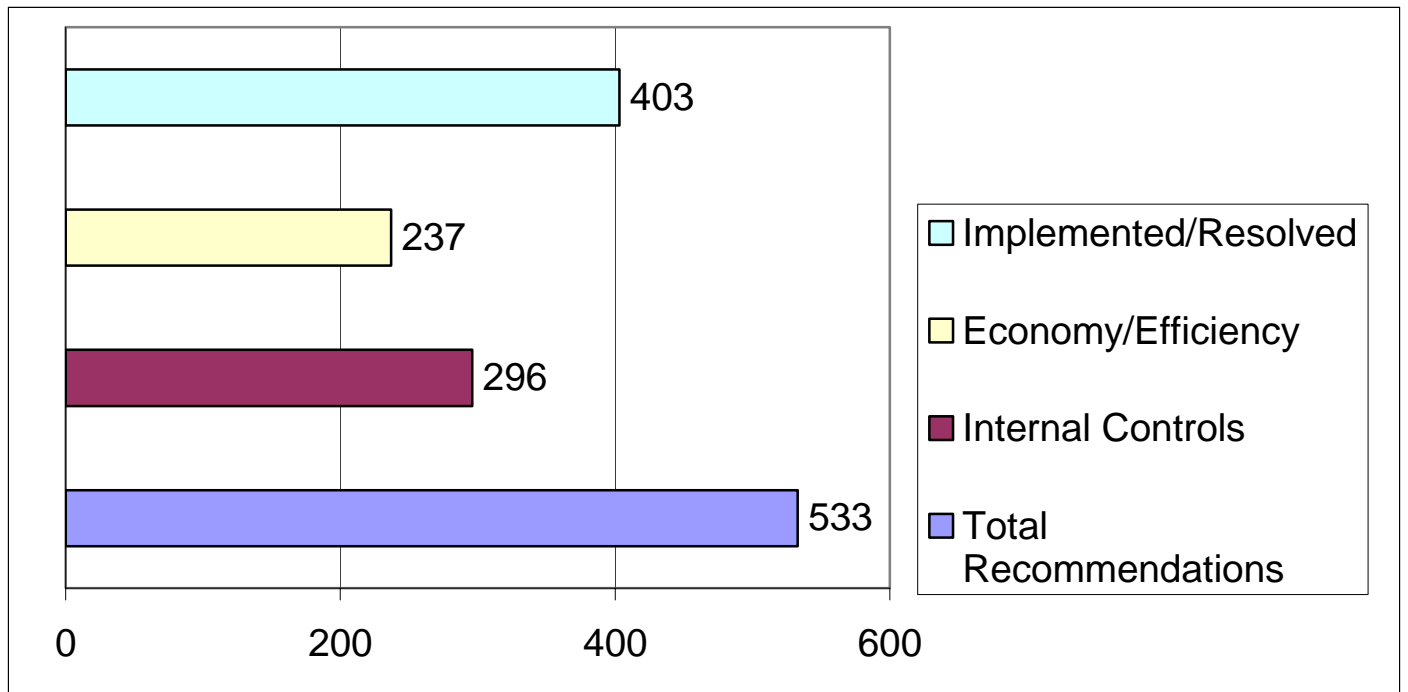
The same independent auditor conducted the third performance audit in 1991. In his report to the Mayor and City Council, dated April 30, 1991 (Appendix C), the independent auditor concluded that the system of quality control provided reasonable assurance of compliance with generally accepted government auditing standards. The auditor also made two recommendations (both of which were implemented) regarding (1) guidelines for determining when computer-processed data are to be tested and (2) the feasibility of providing due dates for audit completion, when such dates can be ascertained with some certainty.

SUMMARY OF WORK PERFORMED MAY 1989 THROUGH JUNE 1991

From May 1989 through June 1991, the Office of the City Auditor completed 16 financial/performance audits of City programs and activities and 15 special studies and recommendations follow-up reports. These activities identified an estimated \$7.5 million in opportunities for the City to increase revenue and/or reduce costs. In our opinion, our \$7.5 million estimate is conservative. Specifically, we only included the first year of identified cost savings or additional revenues when, in fact, some of these savings or revenues will be realized year after year. For the two-year period, audit costs were approximately \$2.2 million. As a result, from May 1, 1989, through June 30, 1991, the Office achieved a return-on-investment of 3.4 to 1, exceeding its 3 to 1 objective. Schedule I summarizes the activity costs and results for the two-year period.

From May 1989 through June 1991, our audit reports contained 191 recommendations to improve the economy, efficiency, effectiveness, and internal controls within City government. These recommendations bring the total recommendations to 533 since the City Auditor started in May 1985. To date, the City Administration has fully or partly implemented over 75 percent of the recommendations. Chart IV shows the total number of recommendations made, including internal control and efficiency/effectiveness recommendations, and the number implemented to date for the six-year period from May 1985 through June 1991.

CHART IV
Recommendations Made
May 1985 – June 1991



FISCAL/PERFORMANCE AUDIT REPORTS

The following summarizes the fiscal and performance audit reports that the Office of the City Auditor has issued from May 1989 through June 1991.

An Audit Of San Jose's Parking Operations (August 1989)

Our review of the City's parking operations included revenue collection and reconciliation, ticket accounting procedures, equipment maintenance, and the contracts with the two parking operators. Our review revealed that (1) the City did not follow a Request for Proposal (RFP) process in selecting one of the parking management companies who operate the City's parking lots, (2) the City could pay as much as \$110,000 more per year under the terms of the contract than it would pay the other contractor to manage the same parking facilities, and (3) the City is not enforcing some contract provisions. We recommended that the City adopt a policy to use the RFP process in selecting future facility managers. We also recommended that the City serve the parking operator a notice of contract default if the management company persisted in disregarding contract provisions.

Additionally, our audit revealed opportunities to improve controls over parking facility revenues. We recommended a computer-based system to automate the reconciliation of revenues to parking tickets, the use of lock boxes to safeguard cash, and unannounced supervisory inspections to improve accountability over revenues.

*An Audit Of The San Jose Airport
Department's Parking Operations (September 1989)*

This audit report is the second of two reports on the San Jose Airport Department's parking operations. We evaluated parking revenue and operational controls and analyzed the efficiency of handling parking revenues. We also assessed the objectivity of the parking customer complaint process, controls over AMPCO expense reimbursements, and the need for parking fee displays at parking lot exit booths.

The audit disclosed that the Airport Department needed to improve its controls over free parking exits when exit line backups occur. Backups were caused by an excessive number of exiting vehicles, limited exit access, mechanical problems, and credit card processing. Unlike neighboring airports, when excessive backups occur, the Department extended free parking to all of the vehicles waiting in the exit lines. During 1986-87, 1987-88, and 1988-89, the Department waived \$228,000 in parking fees. We recommended that the Airport Department document its policy regarding free exits when backups occur and restrict its free exit policy only to emergency situations.

The audit also disclosed that the Airport Department could save about \$10,500 per year by improving its credit card processing. We recommended that the Department install a "data capture" feature on its automated credit card terminals. By adding this feature in its credit card processing, the Department could expedite customer exits from the parking lots, create audit trails, and save staff time.

AMPCO is contractually required to remit parking lot receipts to the City on a daily basis. However, our review revealed that AMPCO consistently deposited daily parking revenues late. Furthermore, we found that AMPCO deposited parking receipts into their bank account rather than directly into the City's bank account, resulting in unnecessary bank transfers and service charges. Consequently, the Department was losing over \$23,000 annually because of lost interest income and unnecessary bank service charges. We recommended that the Department ascertain that AMPCO deposit parking revenues daily and directly into the City's bank account.

The Airport Department has a Work Management System target for reducing the number of customer complaints. However, our review revealed that the Department's complaint collection process lacked objectivity. As a result, customer complaints might not be accurately recorded or reported. By using a written customer complaint process, the Department could enhance the objectivity of its customer complaint process without incurring significant costs.

Our review of AMPCO expense reimbursements revealed that the Department made a double payment to AMPCO for \$3,841. In addition, we noted that AMPCO did not submit original expense invoices when requesting reimbursement. So that the Department could ascertain that only appropriate payments were made, we recommended that the Department retain copies of AMPCO's invoices and maintain a computer spreadsheet of reimbursed invoices.

Finally, we noted that parking fee displays needed to be reinstalled at the parking lot exits. In June 1989, the Department installed a new revenue control system for its parking lot operations. Since that time, parking fee displays had not been in place at the parking lot exit booths. We recommended that the Department reinstall the displays.

*A Review Of The Recycling Contract Between The
City Of San Jose And Waste Management, Inc. (November 1989)*

We reviewed the contract covering the City's Curbside Recycling Program to determine if the contractor was in compliance with the contract. We reviewed the contractor's procedures and internal controls at its recycling center to determine whether they were accurate in (1) preventing the risks that were inherent to the operation, (2) ensuring the accuracy of reports the contractor submitted to the City, and (3) ensuring that the contractor gave credits to the City for the correct dollar amounts.

Our review revealed that additional controls were needed to ensure that the contractor reported collections and sales completely and accurately. Specifically, we determined that the contractor:

- Did not maintain adequate inventory records to (1) reconcile the tons of materials collected and disposed to the tons of materials in inventory, (2) investigate discrepancies, or (3) report reconciliation results to its management or the City;
- Did not report to the City in a timely manner the separate weights of aluminum and tin cans collected;
- Did not require collector-driver verification of weight tag information; and

- Did not produce computer-generated weight tags that clearly distinguished between curbside and non-curbside collections.

Finally, we found that the Office of Environmental Management (OEM) had not adequately monitored the recycling contractor's reports. For example, we identified that from July 1986 through March 1989, the contractor had submitted reports to OEM that did not satisfactorily account for over \$320,000 worth of collected recyclable materials. Accordingly, additional controls were needed to reduce the City's exposure to revenue losses.

As a result of this audit, we made 11 recommendations to OEM to determine the contractor's liability for unaccounted materials processed in the recycling center and initiate action to collect that amount; to require the contractor to establish and maintain an adequate inventory system and to accurately document and report its collection of recyclable materials; and to monitor the contractor's inventory records and test the records through periodic physical inventory.

*A Performance Audit Of The San Jose Public Library's
Technical Services Section (January 1990)*

Before making newly acquired books and other materials available to its patrons, the Library's Technical Services Section performs several steps to protect the materials and to make them more accessible to its patrons. For example, the Library staff stamps, labels, and places protective covers on materials. In addition, the Library staff catalogs materials which allows

patron access to them through its card catalog system. Our review of the Technical Services Section focused on the timeliness of the cataloging process. Specifically, "Does the Library make newly acquired books and other materials available to the public in a timely manner?"

Our review found that the Library was not meeting its own internal processing goal to process 80 percent of all material within 20 days of delivery. As a result of our findings, we recommended improvements intended to speed processing and to provide management with more information on the Technical Services Section's performance. These improvements included modifying its cataloging policies and procedures, better utilizing existing staff, developing formal workplans to address workload problems, developing productivity standards for monitoring performance, and improving management information.

In addition to the processing problems, we found that the Library also lacked adequate physical controls over audio and video cassettes. For example, its storage area for audio and video cassettes was always unlocked and access was not limited to authorized staff. Furthermore, the Library lacked a system for tracking these items to ensure that they were delivered to the appropriate destination. To improve controls in this area, we recommended improved custodial controls and an improved process for tracking these items through the cataloging process.

*An Audit Of City-Wide Sole Source
And Standardization Purchases (March 1990)*

In this audit, we reviewed the City's sole source and standardization purchases. Sole source and standardization purchases are intended to expedite the City's acquisition process by eliminating the need to subject purchases to a competitive bid process. To improve the City's controls over these purchases, we recommended that (1) the City require that written justifications for sole source and standardization purchases be prepared, (2) long-standing standardization purchasing arrangements be periodically re-examined, and (3) price negotiations with sole source and standardization vendors be documented.

As part of this audit, we also reviewed a \$4 million standardization contract to purchase a radio communications system. Our review of this contract revealed that the City has not developed performance specifications for its communications equipment; the vendor, not the City, is developing the Acceptance Test Plan for the system; and the City did not require the vendor to post a performance bond. We recommended that the City establish a policy requiring the City's Risk Manager review every waiver of performance bond requirements for purchasing contracts in excess of \$50,000. We also recommended that, preparatory to receiving the vendor's proposed Acceptance Test Plan, the City determine the system's performance criteria based on the City's needs and establish a minimum set of tests to determine if the new system meets those performance criteria.

*An Audit Of The San Jose Cable Television
Franchise Agreement (June 1990)*

We reviewed the San Jose Cable Television Franchise Agreement to determine (1) if Heritage Cablevision, Inc. (franchisee) had complied with the reporting and payment provisions of its franchise agreement with the City and (2) whether the franchise fees the City was receiving were for the correct amount and remitted in a timely manner.

Our review of franchise fee payments from May 1988 through November 1989 revealed that:

- The franchisee did not adequately document why more than \$357,000 in franchise fees were not paid to the City;
- Absent additional franchisee justification, it appeared that the City was underpaid an estimated \$175,000 in franchise fees;
- The franchisee used unauthorized methodologies to calculate the City's franchise fee;
- The City only minimally monitored, reviewed, or verified franchise fees.

As a result, the City was exposed to the risk of not receiving all of the cable television franchise fees to which it was entitled. Accordingly, we made nine recommendations to improve the calculation, documentation, and review of cable television franchise fees.

Our review also revealed that the City's Budget Office had consistently underestimated cable television franchise fees in its budget

reports. For example, in 1987-88, the Budget Office underestimated cable television franchise fees by more than \$500,000, or nearly 50 percent of actual revenues. As a result, the City Council and City Administration were making budgetary decisions based upon overly conservative cable television franchise fee estimates. In addition, City Administration was depriving itself of an important revenue control technique by using estimates that could not be used to highlight unusual variances between estimated and actual revenues. Accordingly, we recommended that the Budget Office take into account factors other than historical trends when estimating cable television franchise fees. Such factors should include written estimates of revenues from the cable television franchisee and City ordinance-prescribed franchise rate increases.

*An Audit Of The City's Communications
Equipment Inventory (June 1990)*

We audited the City's communications equipment inventory to assess compliance with City Charter and Finance Administrative Manual provisions regarding inventory controls over communications equipment. As of November 30, 1989, the City owned 1,868 pieces of communications equipment worth approximately \$3.2 million. In addition, the City was in the process of purchasing approximately \$4 million of equipment in connection with the new Communications Center.

Our review of the City's communications equipment inventory revealed that:

- City staff was not initially able to locate 13 of 70 pieces of equipment we selected for testing;
- The Communications Division had not conducted the required annual physical inventories of communications equipment for two years;
- City departments were not following Finance Administrative Manual required procedures regarding (1) communications equipment that was transferred from one department to another, (2) the reporting of lost or stolen equipment, and (3) the maintenance of current equipment location information on City-wide computerized inventory records; and
- The current method of tracking new or replaced equipment was inefficient and ineffective.

So that the City could reduce its exposure to theft and unreported losses, we made five recommendations to improve and annually verify the inventory records for the City's \$3.2 million worth of communications equipment.

*An Audit Of The San Jose Public Library's
Collection Development And Materials
Acquisition Activities (August 1990)*

In this audit, we reviewed the Library's collection development and acquisition activities. This audit resulted in 26 recommendations to improve the efficiency, economy, and effectiveness of these activities. Specifically, we found that the Library needed to formalize its collection process to ensure that its limited funds were used fairly and consistently to achieve stated objectives. In addition, we found that the Library could improve the efficiency of its acquisition and cataloging process by consolidating more

purchase orders. Moreover, the Library needed to tighten its controls over its purchase orders to ensure that orders were not lost or misused. We also found that the Library needed to improve its controls over its local purchase process and its leased book collection. Finally, we found that the Library needed to develop and implement a policies and procedure manual for its acquisition units.

*An Audit Of The San Jose Public Library's
Inventory And Fiscal Management Activities (August 1990)*

We reviewed the San Jose City Library's financial and inventory management activities to evaluate the adequacy of controls over the following processes:

- inventory management
- theft of library materials
- disposal of surplus property
- delinquencies
- acquisition fund accounting
- revenue collections and deposits
- budget planning and monitoring
- financial reporting

Library management needed adequate inventory information to maintain accountability for City assets, evaluate library patronage, and assess the Library's progress toward its stated goals. This audit revealed that the Library's computerized circulation system did not satisfy the City's needs because the system was not fully utilized. By developing inventory reports that track changes in inventory levels, identify the number of and reasons for inventory deletions, and identify inactive inventory items, Library management would be better able to monitor its progress toward

achieving its collection goals and have added assurance that its reported inventory levels were reasonably accurate.

The audit also revealed that the Library's financial management system lacked policies and procedures to provide adequate financial system internal controls, including those relating to theft detection, disposal of surplus materials, and overdue fines and charges. By adding to and upgrading its accounting staff, making better use of its financial management system, and implementing new accounting and inventory control procedures, Library management's ability to make sound budgetary and day-to-day decisions would be improved.

We made 23 recommendations to the Library Department to improve financial and inventory management controls. The recommendations addressed the development of circulations system reports, procedures for theft detection, disposal of surplus materials, upgrading of accounting staff, and documentation of financial and inventory management policies and procedures.

*Cash And Revenue Audit Of The Department
Of Recreation, Parks And Community Services (December 1990)*

We reviewed the Department of Recreation, Parks and Community Services' (RPCS) procedures and controls relating to cash receipts and the handling and accounting for petty cash and change funds.

Our review revealed that RPCS' controls over leisure class revenues could be improved. During 1988-89, RPCS sponsored 1,344 leisure classes at the City's community centers and collected over \$1.1 million in fees from those classes. We observed that:

- Leisure class receipt forms were not issued in numeric order;
- RPCS' administrative office used a manual system to try and track leisure class receipt forms; and
- The Department of Finance's tracking system for leisure class receipt forms was inefficient and ineffective.

As a result, we estimated that RPCS was exposed to the risk of losing between \$4,500 and \$13,000 per year in leisure class revenues. By using programmable cash registers, modems, and personal computers at its 21 community centers and administrative office, RPCS could significantly improve its controls over leisure class receipts and both RPCS and Finance would be able to use their staff resources more efficiently. Specifically, we estimated that automating RPCS revenue control system would produce net savings of about \$4,000 in the first year and \$64,000 per year thereafter.

Our review also revealed that RPCS (1) had been lax in granting refunds for leisure classes, (2) had not consistently recorded the required refund information on the administrative copy of the receipts, (3) processed virtually all refund checks through FMS, regardless of amount, and (4) paid some leisure class instructors who did not submit the required signed class rosters.

Finally, our review revealed that cash safeguarding procedures were not being followed at nine community centers. In addition, we noted that RPCS could improve its controls over petty cash and change funds by providing better separation of duties and addressing security deficiencies at Lake Cunningham Park.

We made 13 recommendations to improve revenue collection, revenue documentation, and cash handling procedures.

*An Audit Of The City Administration
Of The Waste Management Of California, Inc.
Garbage Collection Contract (January 1991)*

We reviewed the City's controls over and compliance with the September 1985 Garbage Collection Agreement with Waste Management, Inc., (WMI) regarding garbage collection franchise fees, disposal (landfill) fees, and the October 1988 recycling rebates settlement between the City and WMI. We reviewed applicable Municipal Code provisions, the 1985 Garbage Collection Agreement provisions, the April 1990 First Amendment to the Agreement, and relevant City and WMI records. In addition, we interviewed City and WMI representatives. We also tested various samples drawn from the period of March 1986 through March 1990.

This audit revealed that the City needed to amend its contract with WMI for garbage collection in order to eliminate errors, ambiguities, and noncompliance issues. Specifically, we determined that:

- The commercial franchise fee rate had varied from 11.5 percent to 21.63 percent in spite of the fact that the 1985 Agreement specified 10.8 percent with no provision for modification;

- The City did not bill WMI for about \$3.7 million in increased costs for landfill capacity that the 1985 Agreement specified the City should bill;
- WMI's statement of the computation of franchise fees accompanying its monthly payments of franchise fees omitted a required certification as to completeness and accuracy;
- The 1985 Agreement and the First Amendment to the Agreement contained ambiguous language regarding commercial collection rates;
- The formula for Contractor's payment in the 1985 Agreement was unintelligible, but changes to the Contractor's payment were made anyway;
- The City allowed WMI to repurchase the landfill capacity it lost because of the City's recycling programs even though the 1985 Agreement did not provide for such repurchases; and
- There was a lack of administrative controls over the WMI Garbage Collection Agreement.

We made 11 recommendations to the Office of Environmental Management to improve the oversight function of the Garbage Collection Agreement. The recommendations concerned instituting procedures to assure compliance with the Municipal Code and/or the WMI Garbage Collection Agreement, finalize for City Council approval a written agreement that allowed WMI to repurchase landfill capacity it lost because of the City's recycling program, and formalize and document the processes for calculating and verifying service rates charged to garbage producers.

*An Audit Of City-Wide Sole Source And
Standardization Purchases Over \$20,000 (March 1991)*

We reviewed the City-wide contracts relating to sole source and standardization purchases over \$20,000 made during 1988-89. We tested the documentation of these purchases to determine if they were adequately justified. Also, we reviewed Purchasing Division's research activities in making sure that these purchases were available only from sole source or standardization vendors.

This audit revealed that the City had not been complying with the prescribed standards for government purchasing relating to City-wide sole source and standardization purchases over \$20,000. Although our review did not disclose any evidence of inappropriate transactions, it revealed that the City did not adhere to the prescribed documentation standards for 37 of the 53 sole source and standardization purchases over \$20,000 that the City made during 1988-89. The City paid \$3,595,681 for the 37 sole source and standardization purchases that were not adequately documented or supported.

As a result of our review, we made five recommendations to improve documentation for making sure that sole source and standardization purchases were adequately justified and that the items were available only from sole source and standardization vendors.

*An Audit Of The City's Traffic Citations
Collection Process (March 1991)*

We audited the City's traffic citations collection process to determine the number and amount of the City's unpaid traffic citations, the adequacy of the management reports to effectively control and monitor unpaid traffic citations, the effect of municipal court assignments to formal probation on the City's revenues, and the City's risk exposure from not having a right to audit provision in the contractual agreement with Santa Clara County.

Our audit disclosed that, as of November 1990, the City, County, and the State of California were owed an estimated \$58 million from traffic tickets issued within the City's jurisdiction and that the City's estimated share was \$17 million. In addition, the County had not provided the City with adequate management information reports on the outstanding traffic citation fines. Further, we found the City, County, and State enforcement methods to be ineffective. We concluded that more direct personal and coercive means of traffic citation enforcement could generate an additional \$4,620,000 for the City and reduce the number of unauthorized drivers on California streets. For example, the City could realize an additional \$2,720,000 by using licensed collection agencies to collect outstanding traffic fines. Furthermore, our audit indicated that the County Municipal Court assignments of first-time "driving under the influence" (DUI) offenders to formal probation overburdened the County's Probation Office and cost the City an estimated \$500,000 per year. The City incurred significant costs for these DUI arrests but received no recompense for its costs. Our audit also indicated that the City should pursue collecting as much as \$1,070,000 in traffic fines that the County collected from July 1983

to December 1990 but did not remit to the City. Finally, our audit showed that the City's contract with the County for the collection and remittance of traffic citations needed to be amended to afford the City additional rights and protections.

We recommended that the City Manager request the County (1) to use licensed collection agencies to collect monies due from uncleared citations, (2) to evaluate the merits of an amnesty program, (3) to hear all of an offender's uncleared traffic citations when it heard a driving with a suspended license charge, (4) to provide management reports that updated the status of unpaid citations collection, and (5) to designate one person to monitor and oversee the citations collection process. We also recommended that the Police Department serve arrest warrants for chronic offenders with uncleared traffic citations above a specified dollar amount. Furthermore, we recommended that the City Manager incorporate sufficiently explicit language in the contract with the County to provide for the City's right to audit the County's records and timeliness of remittance performance standards.

*A Performance Audit Of The San Jose Fire Department's
Weed Abatement Program (April 1991)*

We reviewed the Weed Abatement Program (Program) administered by the San Jose Fire Department to assess compliance with Municipal Code and to determine the economy, efficiency, and effectiveness of program operations.

In spite of dramatic increases in administrative fees, the San Jose Fire Department had not been able to recover all its operating costs for the Weed Abatement Program. During our audit, we examined ways to increase revenues and cut costs without sacrificing Program effectiveness. For example, establishing minimum fees and clarifying private property owners' responsibilities would accelerate the process of getting owners to assume responsibility for abating weeds on their own properties. Other Program efficiency and effectiveness improvements were also needed. In our opinion, the best option appeared to be consolidating the City of San Jose's Program with Santa Clara County's program. This consolidation would improve Program efficiency and save San Jose property owners about \$91,000 per year without diminishing Program effectiveness.

We recommended that the Fire Department enter into negotiations with Santa Clara County to consolidate San Jose's Weed Abatement Program with the County's program. We also recommended that the Fire Department develop and implement procedures to verify the weed abatement status of all grass fire locations. If the City and County programs were not consolidated, we made seven additional recommendations to improve

Program economy, efficiency, and effectiveness.

A Compliance Audit Of the City's Investment Program (May 1991)

We reviewed the City's investment program to determine the adequacy of documented procedures and the execution of such procedures over the investment process. In addition, we reviewed the City and

Redevelopment Agency investment transactions for the month of January 1991 to determine compliance with the Investment Policy.

This audit revealed that for the investment transactions tested, the Finance Department/Treasury Division was operating in compliance with the City's Investment Policy. However, Treasury needed to improve the documentation of its investment procedures and their execution, and the City's Administration needed to address a separation of responsibilities problem. Specifically, the Chief of Accounting was performing functions that were organizationally incompatible.

We made two recommendations to the Finance Department/Treasury Division and City Administration. The recommendations concerned fully documenting the City's investment procedures and the execution of such procedures and filling the Chief of Treasury position.

*An Audit Of The Planning Department's
Special Handling Process (June 1991)*

The Special Handling Process is a formal policy that establishes criteria and procedures for helping developers with large development projects process their applications through City departments. Our audit of the Planning Department's Special Handling Process assessed compliance to Council Policy and departmental procedures, as well as efficiency, effectiveness, and timeliness of program operations.

Our audit revealed that administrative changes could make the special handling designation for development projects more meaningful. Specifically, we found special handling designations were given to projects that might not qualify; there was no formal evaluation process for identifying projects that qualified for the special handling status; there was no formal complaint process for special handling projects; the status of special handling projects was not adequately communicated to the City Council; and the Planning Department had not established more stringent processing time standards for special handling projects. Furthermore, City Administration's practice of designating all assisted-housing projects as special handling was not in compliance with the City Council policy.

As a result of our audit, we made seven recommendation to make the process more meaningful and to improve the efficiency and effectiveness of the process.

SPECIAL STUDIES

The following summarizes the informational reports and operational studies that the Office of the City Auditor prepared from May 1989 through June 1991.

Activities And Accomplishments Of The Office Of The City Auditor - May 1985 Through April 1989 (June 1989)

This four-year period coincides with the City Auditor's first four-year appointment. During these four years, the Office underwent not only a physical facelift but an equally apparent change in audit focus and strategy. Along with staff size, Office productivity increased. The goal of the Office is to promote accountability to the public and to improve the economy, efficiency, and effectiveness of City government. The Office's principal objective is to identify \$3 in savings or increased revenues for every \$1 of audit cost. During the City Auditor's first four-year appointment, the Office exceeded this standard. From May 1, 1985, through April 30, 1989, the Office produced 70 reports containing 340 recommendations. These reports identified almost \$13 million in opportunities to reduce costs or increase revenues. Most of the recommendations have been implemented or are in the process of being implemented.

Review Of The Provisions For the Operational Continuity Of The Library's Computerized Circulation System (June 1989)

We reviewed the provisions for the operational continuity of the Library's computerized circulation system. General guidelines for

computerized systems require provisions to ensure continuity of the computerized operations after the destruction of files or breakdown of hardware. Such provisions include off-site storage of backup copies of data files and system documentation.

Our review revealed that the Library had implemented continuity provisions for its current circulation system. However, we noted that those provisions left the Library exposed to the risk of losing some circulation data. In addition, the Library might not have the circulation system documentation necessary to efficiently maintain or modify the circulation system's computer programs. Those risks could be perpetuated if a similar pattern was replicated for the Library's new circulation system. Accordingly, we made five recommendations to improve the continuity provisions for the Library's new computerized circulation system and to document the resulting provisions.

**Review Of The Work Management System
In The Planning And Police Departments (November 1989)**

City departments were intended to use the performance and workload measures included in the Work Management System (WMS) reports to track productivity and target performance improvements in key service areas. The City Auditor's Office retained the Harvey M. Rose Accountancy Corporation (HMR) to review certain aspects of the 1988-89 WMS in the Police and Planning Departments.

Based upon its review of the Police and Planning Departments' WMS information, HMR noted that the WMS did not clearly link together the City

Council's policies, community goals and strategic plans with departmental budget allocations, missions, organizational goals, program objectives, or workload and performance measures. Further, HMR noted that the WMS reported workload and performance measures which were actually measures of work effort and did not indicate progress towards achieving objectives. HMR's review also indicated other problems related to WMS preparation, documentation, and use.

HMR recommended that the City Administration evaluate whether the costs of the WMS justify its continuation. Should the WMS be continued, HMR also made five recommendations to improve procedures for preparing, documenting, and using the WMS.

**Review of the Human Services Agencies
Financial Statements (July 1990)**

At the request of the Department of Neighborhood Preservation-- Human Services Administration (HSA), we reviewed the audit reports of 11 human services agencies to determine their compliance with the audit requirements of their 1989-90 contracts with the City, as well as compliance with federal regulations. Our review indicated that the audit reports provided adequate information to enable HSA to effectively monitor agency performance. However, we noted certain noncompliances with the City contracts and federal regulations. Furthermore, we noted that by directly reviewing future agency audit reports HSA would be better able to monitor the agencies in a more timely, effective, and efficient manner. Accordingly, we recommended that HSA followup with agency noncompliances and review future agency audit reports directly.

Preliminary Survey of San Jose Fire Department's Management Information On Emergency Medical Services (August 1990)

This report summarized the results of the City Auditor's preliminary survey regarding the San Jose Fire Department's management information on Emergency Medical Services (EMS). The report discussed:

- The status of the Fire Department's data on EMS broken down by fire station or type of emergency;
- Issues affecting the accuracy and reliability of the management information on EMS; and
- Other information regarding the definition of "response time," Fire Department staffing and workload, and other matters affecting EMS.

City-wide Overtime Review (March 1991)

For our review of the City's use of overtime, we analyzed payroll data from the City's payroll years 1987 through 1990. With the assistance of the City's Information Systems, Finance, and Personnel Departments, we extracted and reviewed selected pertinent information in a variety of ways to highlight different situations involving overtime.

During 1987 through 1990, the City paid \$20,147,000 for 817,000 overtime hours worked for pay. In addition, City employees were credited with 1,445,000 hours of compensatory time-off worth \$28,322,000. The total value of all overtime worked during this period was \$48,469,000. Also, in accordance with related memoranda of agreement, \$5,677,000 was paid out for aged compensatory time that was not taken off within one year of occurrence. Police Department employees earned the majority of overtime. Our analysis also revealed that 500 of the City's 7,500 employees

worked overtime worth from 19 percent to 94 percent of their regular earnings. These top 500 occurrences of overtime, equivalent to 6.7 percent of all employees, represent 36 percent of the total value of all the overtime worked during 1990.

We recommended that City Administration develop procedures to monitor overtime usage and periodically report overtime and compensatory time-off earnings and accumulations to the City Council.

**Review Of San Jose Fire Department
And Santa Clara County Paramedic Response
To Calls For Emergency Medical Services (March 1991)**

In this review, we compared San Jose Fire Department's (SJFD) provision of Emergency Medical Services (EMS) with Santa Clara County contracted paramedic services. We selected a representative sample of the EMS events which occurred from July 1, 1990, through September 30, 1990. We also developed a computerized database of selected EMS events with over 30 data fields of information for over 500 events. In addition, we created several computer spreadsheet formulas for calculating average times for the various time segments in the chronology of EMS responses. Our review reported details about response times, services provided, the nature of EMS events, and the equipment used to respond to EMS events.

Our review revealed that, overall, the SJFD met its response travel time objectives, yet travel time objectives were not met by some of the City's 28 fire stations. SJFD also failed to meet its City-wide response turnout time objective. Furthermore, the County's contracted paramedics did not meet their contract-required EMS response time objective. In

addition, we found that SJFD took no action after arriving at the scene on 21 percent of EMS calls, and for 75 percent of EMS events sampled, SJFD provided no direct medical treatment to EMS victims. The SJFD dispatched multiple vehicles for 23 percent of EMS calls in our sample--many due to a Department guideline for additional vehicles to respond during grass fire season regardless of the nature of the EMS event. Finally, we found that the City's new Communications Center dispatch procedures (effective October 1, 1990) increased the chance of mis-communication or non-communication of EMS dispatch information to County paramedics.

We limited our review to gathering and presenting information about EMS and did not make any recommendations. Our review provided detailed information to the City Council and the City Administration to aid them in setting EMS policies and service level objectives and choosing among alternative service delivery methods.

SCHEDULE I

OFFICE OF THE CITY AUDITOR

Summary Of Activity Costs And Results For The Period May 1989 Through June 1991

<u>Reports Issued</u>	<u>Audit Cost</u>	<u>Identified Opportunities to Increase Revenues/ Reduce Costs</u>	<u>Number of Recommendations to Improve Efficiency/ Effectiveness</u>	<u>Number of Recommendations to Strengthen Internal Controls</u>	<u>Informational</u>
FISCAL/PERFORMANCE AUDITS (16)					
An Audit Of San Jose's Parking Operations (8/89)	\$60,739	\$114,760	3	11	
An Audit Of The San Jose Airport Department's Parking Operations (8/89)	47,877	265,342	6	4	
A Review Of The Recycling Contract Between The City Of San Jose And Waste Management, Inc. (11/89)		163,350		11	
A Performance Audit Of The San Jose Public Library's Technical Services Section (1/90)	178,628		11	3	
An Audit Of City-Wide Sole Source And Standardization Purchases (3/90)	124,889		4	6	
An Audit Of The San Jose Cable Television Franchise Agreement (5/90)	80,884	357,000	4	7	
An Audit Of The City's Communications Equipment Inventory (6/90)	27,805		1	4	
An Audit Of The San Jose Public Library's Collection Development And Materials Acquisition Activities (8/90)	242,750	1,196	8	18	
An Audit Of The San Jose Public Library's Inventory And Fiscal Management Activities (8/90)	133,937	300,000	9	14	
PAGE SUBTOTAL	\$897,509	\$1,201,648	46	78	

SCHEDULE I

OFFICE OF THE CITY AUDITOR

Summary Of Activity Costs And Results For The Period May 1989 Through June 1991

<u>Reports Issued</u>	<u>Audit Cost</u>	<u>Identified Opportunities to Increase Revenues/ Reduce Costs</u>	<u>Number of Recommendations to Improve Efficiency/ Effectiveness</u>	<u>Number of Recommendations to Strengthen Internal Controls</u>	<u>Informational</u>
Cash And Revenue Audit Of The Department Of Recreation, Parks And Community Services (12/90)	\$116,602	\$116,000	4	9	
An Audit Of The Administration Of The Waste Management Of California, Inc. Garbage Collection Contract (1/91)	163,854			11	
An Audit Of City-Wide Sole Source And Standardization Purchases Over \$20,000 (3/91)	58,189			5	
An Audit Of The City's Traffic Citations Collection Process (4/91)	181,676	6,190,000	10	3	
A Performance Audit Of The San Jose Fire Department's Weed Abatement Program (4/91)	67,441		8	1	
Audit Of The City's Investment Program (5/91)	\$32,408				
Audit Of The Planning Department's Special Handling Process (6/91)	79,218				
PAGE SUBTOTAL	\$699,388	\$6,306,000	22	29	
FISCAL/PERFORMANCE AUDITS	\$1,596,897	\$7,507,648	68	107	

SCHEDULE I

OFFICE OF THE CITY AUDITOR

Summary Of Activity Costs And Results For The Period May 1989 Through June 1991

<u>Reports Issued</u>	<u>Audit Cost</u>	<u>Identified Opportunities to Increase Revenues/ Reduce Costs</u>	<u>Number of Recommendations to Improve Efficiency/ Effectiveness</u>	<u>Number of Recommendations to Strengthen Internal Controls</u>	<u>Informational</u>
SPECIAL STUDIES AND RECOMMENDATION FOLLOW-UP (15)					
<u>Special Studies</u>					
Activities And Accomplishments Of The Office Of The City Auditor May 1985 Through April 1989 (6/89)					
Review Of The Provisions For The Operational Continuity Of The Library's Computerized Circulation System (6/89)	29,980			5	
Review Of The Work Management System In The Planning And Police Departments (11/89)	18,620		6		
Review Of Human Service Agency Financial Statements (7/90)	9,928			3	
Preliminary Survey Of San Jose Fire Department's Management Information On Emergency Medical Services (8/90)	27,427				X
City-wide Overtime Review (3/91)	24,188			2	
Review Of San Jose Fire Department And Santa Clara County Paramedic Response To Calls For Emergency Medical Service (3/91)	115,297				X
SPECIAL STUDIES	\$225,440	0	6	10	<u>2</u>

SCHEDULE I

OFFICE OF THE CITY AUDITOR

Summary Of Activity Costs And Results For The Period May 1989 Through June 1991

<u>Reports Issued</u>	<u>Audit Cost</u>	<u>Identified Opportunities to Increase Revenues/Reduce Costs</u>	<u>Number of Recommendations to Improve Efficiency/Effectiveness</u>	<u>Number of Recommendations to Strengthen Internal Controls</u>	<u>Informational</u>
<u>Quarterly Follow-up on Audit Recommendations</u>					
As of July 31, 1989 (9/89)	\$8,657				X
As of October 31, 1989 (12/89)	4,197				X
As of January 31, 1990 (3/90)	4,732				X
As of April 30, 1990 (6/90)	7,510				X
As of July 31, 1990 (9/90)	9,673				X
As of October 31, 1990 (12/90)	8,582				X
As of January 31, 1991 (3/90)	6,528				X
As of April 30, 1991 (6/91)	7,443				X
Recommendations Follow-up	\$57,322	0	0	0	8
SPECIAL STUDIES & RECOMMENDATIONS FOLLOW-UP	\$282,762	0	6	10	10
<u>Miscellaneous Expenses</u>					
Assistance To Outside Auditors	40,767				
EDP Auditing	20,469				
Other Jobs Assigned	98,220				
Internal Audit Quality Assurance	128,236				
MISCELLANEOUS EXPENSE	287,692	0	0	0	0
<u>TOTAL</u>	<u>\$2,167,351</u>	<u>\$7,507,648</u>	<u>74</u>	<u>117</u>	<u>10</u>

Performance Measures

May 1989 Through June 1991

Identified Opportunities to Increase Revenues or Reduce Costs	\$7,507,648
Total Audit Costs	\$2,167,351
Ratio of Identified Opportunities to Increase Revenues or Reduce Costs to Total Audit Costs	3.4 to 1